

State Senator Gilda Z. Jacobs

Serving the Constituents in the 14th District

Dear Friend:



Michigan is in crisis. Current projections point to a state budget shortfall of nearly \$3 billion. The media has been flooded with the problems of the auto industry and the reduction in revenues that our state is experiencing. As we seek solutions to this dire situation, no service, no program, no sector will be immune. You need to be aware of just how this budget shortfall could personally affect you, your family, and all Michigan residents.

Cuts in state spending could result in severe reductions in all critical services. School funding could be greatly reduced. Healthcare services could be drastically cut. Programs for seniors, like patient assistance programs, transportation services, and home delivered meals could be eliminated. Services for children, including programs like immunizations, newborn screenings, and hearing and vision screening could be discontinued. Foster care, Child Protective Services, and adoption services, already struggling in the weakened economy, could be adversely impacted. Emergency service funding, family planning services, HIV/AIDS programs, anti-drug programs, health screenings – all the vital services you and your family depend on to get by could be open to cuts.

All this as the auto industry continues to struggle and the number of laid-off and unemployed workers continues to grow.

Governor Granholm and I have made more tough cuts than any of our previous leaders. We've cut almost \$3 billion in spending just over the last three years, and we will continue to make tough choices. But we are also committed to investing in the future of our state by creating jobs and improving the quality of life for our residents. It takes more than short-term "fixes" to achieve those goals.

Please be assured that my number one priority right now is to help solve this disastrous economic situation in a way that keeps critical services intact. I can't overstate the desperate nature of our current situation. But I can pledge to work diligently with my colleagues and the administration to keep you and your families safe, healthy, and an important part of Michigan's economic survival.

Enclosed is a survey where you can express your opinions. Your ideas are an important part of determining the Michigan we will leave for our children and grandchildren.

Sincerely,

A handwritten signature in black ink that reads "Gilda Z. Jacobs".

Gilda Z. Jacobs
State Senator • 14th District

How to Contact Me

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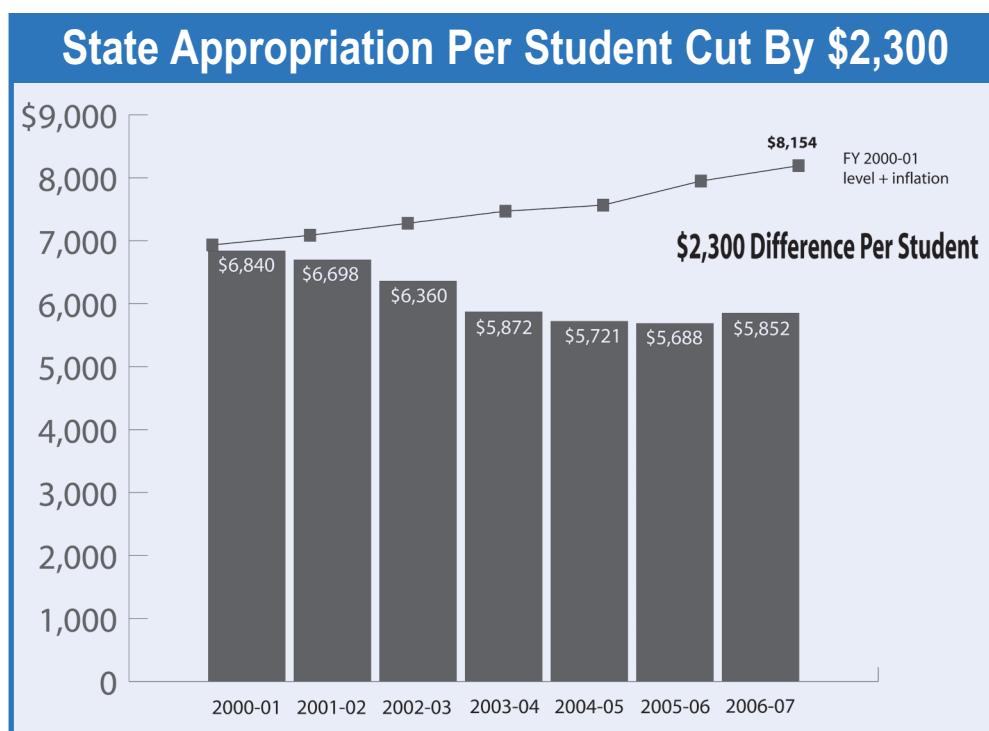
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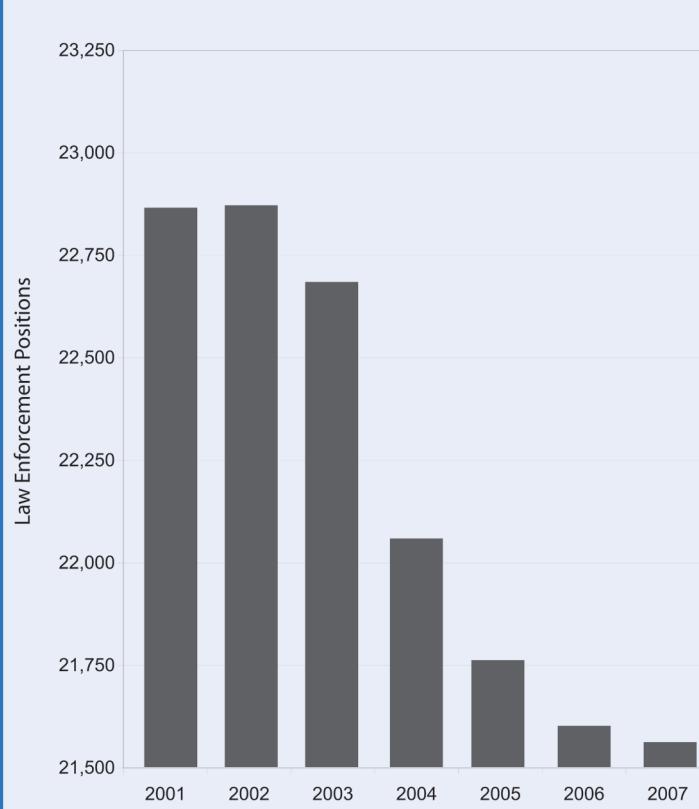
Budget Facts

- Since taking office, Governor Jennifer Granholm and the Legislature have resolved more than \$4 billion in budget deficits.
- To resolve those deficits, the Governor has **cut** more than \$3 billion from state government, more than any Governor before her.
- State government employs **fewer** people today than it has at any point since the early 1970s.



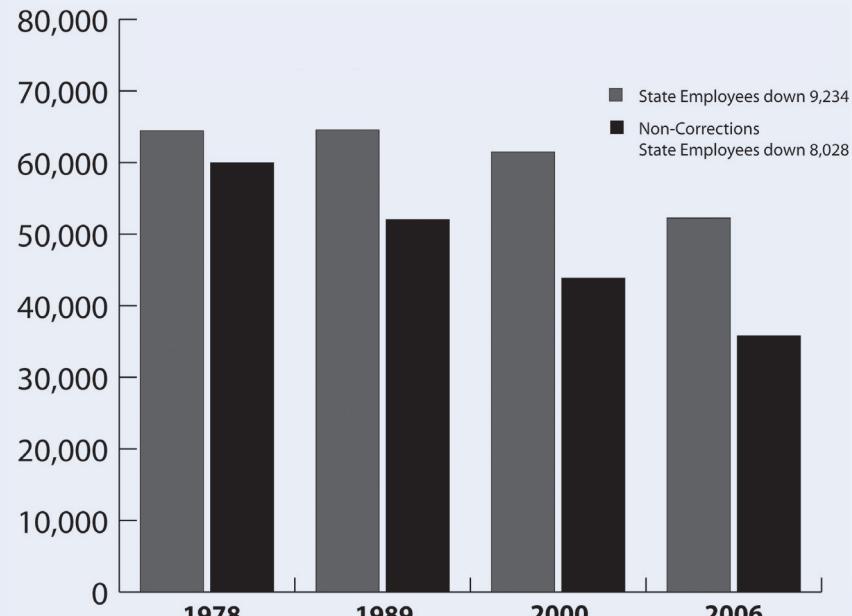
- Funding for local governments, including local police and fire, has been **cut** by \$585 million, resulting in a loss of more than 1,600 local police officers.
- Higher education funding has been **cut** by more than \$250 million, forcing students and their families to endure double-digit tuition rate increases.
- Funding for our public schools has been **adjusted** twice and programs, including adult education and gifted and talented programs, have been cut, totaling more than \$500 million.
- But Michigan's struggle with budget shortfalls will continue as long as we have declining revenues and increasing spending pressures (like the rising cost of health care).

1,600 Fewer Law Enforcement Officers Since 9-11 Terrorist Attack



- General fund revenue is down 30% since 2000 (\$11.5 billion to \$8.1 billion) and will fall another \$1.2 billion dollars if the Single Business Tax (SBT) is not replaced.
- Michigan has **2,500 more** prisoners than in 2003.
- Medicaid caseloads are **up** 30% since 2000 while food assistance caseloads have nearly **doubled**, increasing 48% in the same period.

State Employee Levels Down Since 2000



School Funding and the Effect of the Lottery

School funding is a complicated issue, often accompanied by many misconceptions. Michigan school districts are funded based on the number of students enrolled in the district. This funding is often referred to as the foundation allowance or foundation grant. Many schools are facing financial problems because, for the last five years that the state has given increases, twice they've been forced to reduce the increases mid-year. So the combination of lack of state funding with inflationary increases has created the problem.

While many assume that the Michigan Lottery is the primary source of school funding, the lottery

in fact contributes about 6 percent of the School Aid Fund. In fiscal year 2005-2006, that amount was approximately \$688 million. That translates into about 67 hours of the 1,098 of instruction that the state requires, or about 9.6 days. So basically, lottery revenues pay for about two weeks of the 180-day school year.

So where does the rest of the lottery revenue go? Approximately 56 percent of lottery sales are paid out in prizes. Another 7 percent is paid out in commissions to retailers and vendors for carrying lottery tickets. About 4 percent is spent on administrative expenses. Recently, the lottery has increased prize

payout rates in order to stay competitive with other gaming options in Michigan. As a result, the School Aid Fund receives only about 32 percent of the total lottery sales revenue. This is down from the 35-40 percent that it received in earlier years.

Meanwhile, Gov. Granholm has pledged to preserve school funding this year and has called for additional investment in our schools to accelerate Michigan's comeback. The Governor also called on the Legislature to make kindergarten mandatory, raise the dropout age to 18, and increase funding for pre-school.

Survey cut line

MICHIGAN'S BUDGET CRISIS IS OUR BUDGET CRISIS

What does this mean to YOU?

- Some 1,600 *fewer* law enforcement officers statewide since the 9-11 terrorist attacks.
- A \$2,300 per student drop in state funding to higher education, leading to *double-digit tuition increases*, in some cases.
- Forty-six hospitals *forced to close* their doors.

What have WE done so far?

- Michigan is operating on nearly a third less revenue than 30 years ago.
- Nearly \$3 billion in cuts have been implemented by the Governor and Legislature over the past three years.
- The number of state employees has been reduced by 10,000 since the year 2000.

What is at RISK?

If we don't address the impending \$3 billion shortfall, we may have to:

- *Close 16 corrections facilities*, releasing nearly 14,000 prisoners.
- *Cut more than \$200 per student*, costing public schools critical funds mid-school year.
- *Eliminate funding for health care*, increasing the cost to taxpayers as the poor rely on emergency rooms for routine care.
- *Reduce or eliminate dozens of service programs upon which Michigan residents rely*.

Survey fold line

Please rank each of these budget options one through six, with one being what you would most prefer and six being what you would least prefer:

- _____ Cuts to public schools and higher education, which could result in fewer teachers or higher college tuition
_____ Cuts to Corrections programs, which could lead to the closing of up to 16 prison facilities and the release of nearly 14,000 prisoners
_____ Cuts to local government, which could result in fewer police officers and firefighters, or affect services like road repair
_____ Cuts to health care, which could result in forcing people off of Medicaid and shifting costs to taxpayers to support the uninsured being treated in emergency rooms
_____ Increasing revenue from individuals to avoid cuts
_____ Increasing revenue from businesses to avoid cuts

Additional Comments _____

Name _____ Address _____

City/Zip _____ Phone () _____ E-Mail _____

Please complete and mail back this survey or you may respond using our website at www.senate.mi.gov/demcaucus. Thank you.



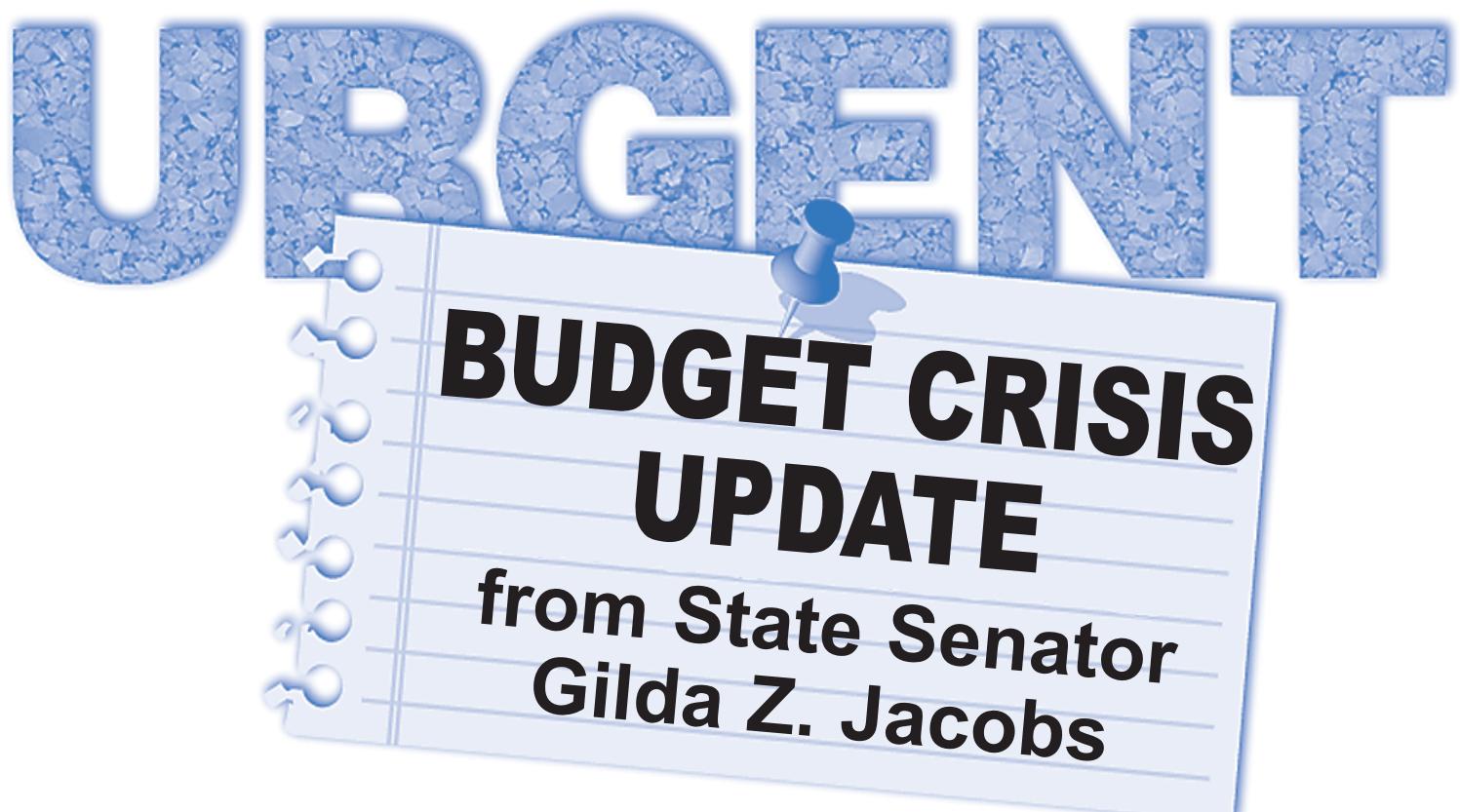
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March 2007

----- Survey cut line -----



Fold on this line, secure with tape, and mail back survey.

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Gilda Z. Jacobs
State Senator

Please place 1st-Class stamp here